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SECURITIES & EXCHANGE COMMISSION

WASHINGTON, D.C., 20459

FORM 10Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended January 31, 1992 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 0-18060

ILIO, INC.
(Exact name of registrant as specified in its charter)

NEW YORK	13-3266204
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer)

20 Enterprise Avenue, Secaucus, New Jersey	07094
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:

(201) 392-8800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____

As of March 13, 1992 the Issuer had 2,458,105 shares outstanding of its $.01 par value common stock.

Exhibit Index found on Page No. 17

Page 1 of 18 pages.

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FORM 10Q - QUARTERLY REPORT
ILIO, INC.

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ILIO, INC.
Balance Sheet

ASSETS

	January 31, 1992 (Unaudited)	April 30, 1991 (Note)
Current assets:		
Cash and cash equivalents	$ 183,006	$ 2,246,539
Due from factor	9,411,764	7,966,314
Accounts receivable, net - trade	38,472	1,387,661
Merchandise inventory	7,921,414	3,941,218
Due from supplier	628,263	481,748
Prepaid and refundable income taxes	374,547	209,437
Deferred income tax benefit	87,900	87,900
Prepaid expenses and other current assets	456,767	308,180
Total current assets	19,102,133	16,628,997
Property and equipment - at cost:		
Machinery and equipment	209,982	160,932
Furniture and equipment	181,358	119,217
Leasehold improvements	148,193	127,368
	539,533	407,517
Less: Accumulated depreciation and amortization	166,395	99,266
Net property and equipment	373,138	308,251
Other assets:		
Deferred public offering costs	392,868	-
Security deposits	24,610	25,410
	417,478	25,410
	$19,892,749	$16,962,658

Note: The balance sheet at April 30, 1991 has been derived from the audited financial statements at that date.

See accompanying notes.

ILIO, INC.
Balance Sheet

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	April 30, 1991 (Note)
Current liabilities:		
Loan payable	$10,288,905	$ 2,000,000
Acceptances and drafts payable	1,547,885	8,236,997
Accounts payable	639,794	104,003
Accrued expenses and other current liabilities:		
Salaries and wages	181,821	25,699
Profit-sharing plan contribution	-	100,000
Operating expenses	431,692	266,139
Total current liabilities	13,090,097	10,732,838
Long-term debt	850,000	-
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.01 par value:		
Authorized - 10,000,000 shares		
Issued and outstanding - 2,429,997 shares	24,300	24,300
Additional paid-in capital	3,372,458	3,372,458
Retained earnings	2,555,894	2,833,062
Total stockholders' equity	5,952,652	6,229,820
	$19,892,749	$16,962,658

Note: The balance sheet at April 30, 1991 has been derived from the audited financial statements at that date.

See accompanying notes.

ILIO, INC.
Statement of Operations
(Unaudited)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Net sales	$10,751,751	$8,349,711	$29,916,201	$31,104,598
Cost of sales	8,098,253	6,371,018	22,536,923	23,522,807
Gross profit	2,653,498	1,978,693	7,379,278	7,581,791
Selling, general and administrative expenses	2,504,328	2,109,027	7,321,056	6,375,239
Operating income (loss)	149,170	(130,334)	58,222	1,206,552
Interest expense - net	129,465	175,328	471,390	602,247
Income (loss) before provision for (benefit from) income taxes	19,705	(305,662)	(413,168)	604,305
Provision for (benefit from) income taxes	7,000	(126,900)	(136,000)	239,700
Net income (loss)	$ 12,705	$ (178,762)	$ (277,168)	$ 364,605
Net income (loss) per common and common equivalent share:				
Primary	$.01	$(.07)	$(.11)	$.14
Fully diluted	$.01	$(.07)	$(.11)	$.14
Weighted average number of common and common equivalent shares outstanding:				
Primary	2,433,142	2,429,997	2,431,415	2,589,191
Fully diluted	2,492,563	2,429,997	2,438,959	2,589,191

See accompanying notes.

ILIO, INC.
Statement of Cash Flows
For the Nine Months Ended January 31, 1992 and 1991
(Unaudited)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ (277,168)	$ 364,605
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	69,704	41,533
Deferred income taxes	-	(24,200)
Loss on abandonment of leasehold improvements	-	44,571
Deferred rent	31,778	53,845
Changes in assets and liabilities:		
Increase in inventory	(3,980,196)	(1,376,865)
(Increase) decrease in due from factor	(1,445,450)	3,140,562
Decrease (increase) in accounts receivable	1,349,189	(90,984)
Increase in due from supplier	(146,515)	(806,504)
Increase in refundable and prepaid income taxes	(165,110)	(171,657)
Increase in prepaid expenses and other current assets	(148,587)	(90,375)
Decrease (increase) in other assets	800	(5,327)
Increase in accounts payable	535,791	143,286
Decrease in income taxes payable	-	(620,333)
Increase (decrease) in accrued expenses and other current liabilities	189,897	(193,532)
Net cash provided by (used in) operating activities	(3,985,867)	408,625
Cash flows from investing activities:		
Additions to property and equipment and net cash used in investing activities	(132,016)	(213,274)
Cash flows from financing activities:		
Borrowings (repayments) under line of credit, net	2,449,793	(814,350)
Deferred public offering costs	(395,443)	-
Proceeds from sale of common stock	-	15,000
Net cash provided by (used in) financing activities	2,054,350	(799,350)
Net decrease in cash and cash equivalents	(2,063,533)	(603,999)
Cash and cash equivalents, beginning of year	2,246,539	2,041,511
Cash and cash equivalents, end of period	$ 183,006	$1,437,512

See accompanying notes.

ILIO, INC.
Statement of Cash Flows (Concluded)
For the Nine Months Ended January 31, 1992 and 1991
(Unaudited)

Supplemental Disclosures of Cash Flow Information

	1992	1991
Cash paid during the period for:		
Interest	$384,666	$ 652,774
Income taxes	$ 25,178	$1,055,890

See accompanying notes.

ILIO, INC.
Notes to Financial Statements
(Unaudited)

Note 1 - Interim Financial Statements

The interim financial statements included in this report are unaudited, but in the opinion of the Registrant, include all adjustments, consisting only of normal recurring adjustments, necessary to a fair presentation of the financial position of the Registrant as at January 31, 1992, the results of operations for the three and nine months ended January 31, 1992 and 1991 and cash flows for the nine months ended January 31, 1992 and 1991. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended April 30, 1991.

Note 2 - Net Income (Loss) Per Common and Common Equivalent Share

Net income (loss) per common and common equivalent share has been computed based on the weighted average number of shares and dilutive common stock equivalents outstanding during each respective period.

Note 3 - Due from Factor

In October 1991, the Company entered into an agreement with a new commercial bank and factor to replace its previously existing credit facility. The new agreement provides for accounts to be factored without recourse at a service charge of approximately .70%. Interest is charged at 1% above the banks' prime lending rate on loans made by the factor prior to the average due date of the eligible receivables sold.

Prior to October 31, 1991, the Company's factoring agreement was on a collection (non-borrowing) basis, providing for accounts to be factored without recourse at a service charge of approximately .75%.

At January 31, 1992 and 1991, there were no significant amounts of factored receivables subject to recourse. Allowances for factor chargebacks and other uncollectible receivables amounted to approximately $325,000 and $500,000 at January 31, 1992 and 1991, respectively. Accounts receivable and factor balances are pledged as collateral under the credit facility (Note 4) at January 31, 1992 and 1991.

Note 4 - Loan Payable

In October 1991, the Company entered into an agreement with a new commercial bank and factor to replace a previously existing credit facility. The new agreement, as amended in December 1991, provides for a credit facility of $16,000,000 for working capital and import financing ($13,000,000 sub-limit). Import financing sub-limits are $8,000,000 for letters of credit, $4,000,000 for bankers acceptances and $1,000,000 for steamship guarantees.

The agreement provides for interest on working capital loans at 1% above the bank's prime rate. Interest on bankers acceptances is computed at 2% above the banker's buying discount rate. Additionally, the Company must maintain $100,000 in compensating balances and maintain a minimum net worth, inclusive of subordinated debt, and working capital through February 27, 1992 of $5,800,000 and $5,400,000, respectively. After February 27, 1992, the minimum net worth, inclusive of subordinated debt, and working capital balance requirements increase to $5,900,000 and $5,600,000, respectively.

The Company's accounts receivable, factor balances, inventory, property and equipment, and general intangibles have been pledged as collateral under the agreement. The borrowings under the agreement are personally guaranteed by the executive officers of the Company. The credit facility is to be reviewed in August 1992.

The Company's prior financing agreement with a commercial bank provided for a $14,000,000 credit line. Interest on bankers acceptances was computed at 2% above the bankers acceptance rate. Interest on working capital advances was at 1% above the bank's prime rate through April 10, 1991 and 2% over prime thereafter.

At January 31, 1992, the Company's indebtedness under the credit facility for revolving working capital loans and bankers acceptances and drafts was $11,138,905 and $1,547,885, respectively. Additionally, the Company was contingently liable on approximately $3,262,431 of unused letters of credit.

In connection with the Company's public offering of Convertible Senior Subordinated Debentures (Note 7), in February 1992, the Company used $850,000 of the proceeds to reduce the Company's existing bank borrowings and, accordingly, that refinanced amount has been classified as a long-term liability.

Note 5 - Employment Agreements

The Company's employment agreements with its four executive officers provide for aggregate cash compensation of $900,000 for each of the twelve months ending July 31, 1991 and 1992.

Note 6 - Stock Options and Warrants

Stock Option Plan

On October 3, 1991, the shareholders approved a stock option plan under which 150,000 shares of common stock can be issued through non-qualified stock options. The non-qualified stock options may be granted to any employee at an option price not less than the fair market value of the Company's common stock on the date of grant. The options expire in ten years from the date of grant and become exercisable upon the date of the grant. At January 31, 1992, no options have been granted under the plan.

On October 3, 1991, the shareholders also approved an amendment to the Company's incentive stock option plan to increase the number of authorized shares from 133,333 to 300,000. The option price is to be not less than the fair market value of the Company's common stock on the date of grant and the term of options granted is not to exceed ten years. As to any shareholder who owns 10% or more of the Company's common stock, the option price per share is to be not less than 110% of the fair market value of the Company's common stock on the date of grant and the term of the options granted is not to exceed five years. All options become exercisable no earlier than one year from the date of grant.

In May 1991, a director's option for 1,500 shares at $10.63 per share was cancelled and a new option issued at $3.38 per share, and an employee option for 5,000 shares was granted at $3.50 per share.

In July and August 1991, options for 10,000 shares and 15,000 shares were granted to employees at $2.87 per share and $4.38 per share, respectively.

In December 1991, options for 8,000 shares at $3.50 to $4.25 per share were cancelled.

Note 6 - Stock Options and Warrants (Continued)

Stock Option Plan (Continued)

At January 31, 1992, options to acquire 117,500 shares at prices ranging from $2.87 to $10.63 were outstanding of which options to acquire 91,000 shares at $4.25 to $10.63 were exercisable.

Warrants and Other Options

In November 1989, the Company sold 345,000 units at $10.00 per unit in a public offering. Adjusted for a four for three stock split in March 1990, each unit consisted of two and two-thirds shares of common stock and one redeemable common stock purchase warrant entitling the holder to purchase one and one-third shares of common at $4.50 per share until October 30, 1992. In connection with the sale, the Company issued the underwriter an option to purchase 30,000 units at $12 per unit until November 1994.

The number of shares of common stock underlying the warrants and the underwriter's option as at January 31, 1992 and 1991 amounted to 456,667 shares and 120,000 shares, respectively.

The Company may call the warrants issued in the public offering for redemption, in whole or in part, at a price of $.01 per warrant, at any time prior to their expiration, if the average of the closing bid and asked prices of the common stock as quoted by NASDAQ exceeds $9.00 per share for a period of twenty (20) consecutive business days during a period ending within 10 days prior to a declaration of redemption. The average price of the Company's common stock was not in excess of $9.00 per share during the applicable period preceding January 31, 1992.

Note 7 - Convertible Senior Subordinated Debentures

The Company's registration statement on Form S-1 filed with the Securities and Exchange Commission, for the public offering of $5,500,000 of Convertible Senior Subordinated Debentures ("Debentures") at par value became effective January 24, 1992. The Debentures bear interest at the rate of 11% per annum, payable monthly, and will mature on January 1, 2002. The Debentures are convertible into the Company's common stock at $4.625 per share until July 22, 1992. Thereafter, holders may convert the Debentures

Note 7 - Convertible Senior Subordinated Debentures (Continued)

at a conversion price of the higher of (a) $5.781 and (b) 110% of the average of the closing bid prices of the common stock on the twenty trading days prior to July 22, 1992. The Company has reserved 1,621,622 shares of its common stock for issuance upon conversion.

The Debentures are redeemable at the option of the Company prior to January 24, 1994, if the closing bid price of the common stock is greater than or equal to 150% of the conversion price then in effect, at 110% of principal amount. The Company may also redeem the Debentures at any time after January 24, 1994, at a price of 105% of the principal amount, such premium decreasing 1% each year thereafter until 100% of the principal amount. On December 1 in each of the eighth and ninth years after issuance, the Company is to deposit into a sinking fund an amount equal to 30% of the principal amount of Debentures outstanding as of October 1 in each such year, plus any interest accrued, to redeem Debentures.

In accordance with the terms of the Indenture Agreement, the Company will be restricted, under certain circumstances, from declaring or paying cash dividends. The Debentures are subordinated to existing and future bank debt.

The Debentures are offered by an underwriter on a best efforts basis through January 24, 1993. In connection with the offering, the Company issued the underwriter an option to sell on the same terms and conditions, up to an additional $2,000,000 principal amount of Debentures. At January 31, 1992, $392,868 of costs incurred in connection with the offering were deferred. The Company has granted warrant rights to a finder for five years to acquire up to 10,000 shares of common stock of the Company for each $1,000,000 of Debentures sold at a price of $7.63 per warrant.

In February 1992, the Company received net proceeds of $1,395,940 (after offering costs of $273,560, including related underwriters' discounts and certain legal fees) on the sale. The proceeds were used to reduce $850,000 of the Company's bank borrowings and the balance for operating expenses (Note 4).

ILIO, INC.
Computation of Net Income (Loss) Per Common and
Common Equivalent Share
For the Nine and Three Months Ended January 31, 1992 and 1991
(Unaudited)

	Nine Months Ended January 31,		Three Months Ended January 31,	
	1992	1991	1992	1991
Primary:				
Average common shares outstanding	2,429,997	2,429,257	2,429,997	2,429,997
Net effect of dilutive common stock equivalents based on the treasury stock method using average market price	1,418	159,934	3,145	- *
Totals	2,431,415	2,589,191	2,433,142	2,429,997
Net income (loss)	$ (277,168)	$ 364,605	$ 12,705	$ (178,762)
Primary earnings (loss) per share	$(.11)	$.14	$.01	$(.07)
Fully diluted:				
Average common shares outstanding	2,429,997	2,429,257	2,429,997	2,429,997
Net effect of dilutive common stock equivalents based on the primary stock method using ending market price if greater than average market price	8,962	159,934	22,566	- *
Totals	2,438,959	2,589,191	2,452,563	2,429,997
Net income (loss)	$ (277,168)	$ 364,605	$ 12,705	$ (178,762)
Fully diluted earnings (loss) per share	$(.11)	$.14	$.01	$(.07)

* Common stock equivalents have been omitted as their effect would be to decrease the loss per share.

Item II. Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Material Change in Results of Operations

The Company had an increase in net sales and net income for the three months ended January 31, 1992. Net sales for the recent three month period were $10,751,751, an increase of $2,402,040 (29%) from $8,349,711 for the three months ended January 31, 1991. During the three months ended January 31, 1992, the Company had net income of $12,705, as compared to a net loss of $178,762 during the three months ended January 31, 1991. The Company sustained a decrease in net sales and a net loss during the nine months ended January 31, 1992, as compared to the corresponding nine month period a year earlier. Net sales for the nine months ended January 31, 1992 were $32,460,654, a decrease of $2,462,361 (7%) from $34,923,015 for the nine months ended January 31, 1991. The net loss was $277,168, as compared to net income of $364,605 for the nine month periods ended January 31, 1992 and January 31, 1991, respectively.

The recent increase in net sales and net income is attributable to at least two factors. First, the Company established and commenced operations of the three new divisions, bottoms, knit tops and sweaters, and an NBA division. Net sales for the new divisions for the three months ended January 31, 1992 were approximately $3,506,000. The Company estimates that the new divisions had a small profit for the three months ended January 31, 1992. The Company does not expect to experience future rates of growth in its principal product line (woven shirts) to equal or exceed the rapid growth the Company previously enjoyed. Accordingly, the Company has diversified its lines of products through its new divisions. With respect to the second factor, the Company was able to obtain a higher gross profit percentage on its products as compared to the comparable prior year quarter. The higher margins reflect better economic conditions in the third quarter as compared to the comparable prior year. In the quarter ended January 31, 1991, the Company sold certain of its inventories at lower profit margins and increased its price allowances to certain customers.

The decrease in net sales for the nine months ended January 31, 1992, as compared to the comparable period in the prior year reflects decreased sales to two of the Company's major retail customers. Net sales to JC Penney and Sears declined by an aggregate of $3,450,000 during the nine month period ended January 31, 1992, as compared to the nine month period ended January 31, 1991. The Company anticipates that future net sales to JC Penney and Sears will constitute a smaller percentage of the Company's net

Item II. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

(1) Material Change in Results of Operations (Continued)

sales than they did in the prior years. The Company believes increased net sales of the new divisions will supplement the decrease in net sales to these customers. The new divisions had net sales of approximately $4,252,000 for the nine months ended January 31, 1992. The net loss for the nine months ended January 31, 1992, as compared to net income for the nine months ended January 31, 1991 is primarily a result of decreased net sales to the two customers mentioned and higher operating expenses. The increased operating expenses reflect the initial costs incurred in connection with the new divisions, including salaries paid to newly hired sales and production personnel, advertising, production of samples and accrued royalties primarily in the first six months of the fiscal year.

Selling, general and administrative expenses were $2,504,328 for the three months ended January 31, 1992 as compared to $2,109,027 for the three months ended January 31, 1991. Selling, general and administrative expenses increased to $7,321,056 for the nine months ended January 31, 1992 as compared to $6,375,239 for the nine months ended January 31, 1991. The percentage of selling, general and administrative expenses to net sales were 23.3% and 24.5% for the three and nine months ended January 31, 1992 as compared to 25.3% and 20.5% for the nine and three months ended January 31, 1991. Approximately $478,000 and $1,117,000 of selling, general and administrative expenses for the three and nine months ended January 31, 1992, respectively, directly relate to costs charged to operations in connection with the new divisional operations.

The Company's gross profit percentages for the three and nine months ended January 31, 1992 were 24.7% and 24.7% as compared to 24.4% and 23.7% for the three and nine months ended January 31, 1991, respectively. Management attributed the lower gross profit percentage for the three months ended January 31, 1991 to selling a larger quantity of selected inventory items at lower margins during this period than is customary and an increase in price allowances to certain customers.

Interest expense as a percentage of net sales decreased to 1.6% from 1.9% for the nine months ended January 31, 1992 and 1991, respectively. The percentage decrease is attributed to a lower interest rate charged to the Company during the 1992 period.

Item II. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

(2) Material Changes in Financial Condition

The Company's registration statement on Form S-1 filed with the Securities and Exchange Commission, for the public offering of $5,500,000 of Convertible Senior Subordinated Debentures ("Debentures") at par value became effective January 24, 1992. In connection with the offering, the Company issued the underwriters an option to sell up to an additional $2,000,000 principal amount of debentures. At January 31, 1992, $392,868 of costs incurred in connection with the offering was deferred. In February 1992, the Company received net proceeds of $1,395,940 on the sale. See Note 7 to the financial statements for a further description of terms.

The Company anticipates that approximately $1,400,000 of proceeds from the offering will be applied to finance future operations of the Company's recently formed divisions. The balance of the proceeds is anticipated to be used for working capital and, or, to reduce the amount outstanding under the Company's line of credit.

On January 31, 1992, the Company had working capital of $6,012,036, compared to $5,896,159 at April 30, 1991. The increase is primarily a result of the refinancing of $850,000 of bank borrowings from the debenture offering, offset by the net loss for the nine months ended January 31, 1992.

At January 31, 1992, the Company's ratio of current assets to current liabilities decreased to 1.46 as compared to 1.55 at April 30, 1991.

The Company expects that its anticipated liquidity and capital requirements will be satisfied through the application of net proceeds from the offering and through working capital loans and import financing from its credit facility.

PART II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

NOT APPLICABLE

Item 2. CHANGES IN SECURITIES

NONE

Item 3. DEFAULTS UPON SENIOR SECURITIES

NONE

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

Item 5. OTHER INFORMATION

On January 24, 1992 the Company's Registration Statement for its offering of $5,500,000 Convertible Senior Subordinated Debentures (subject to increase to up to $7,500,000) became effective. The Debentures are due January 1, 2002 and bear interest at 11% per annum payable monthly. The terms of the Debenture are subject to the Indenture agreement with National City Bank as Trustee dated January 24, 1992. As of March 13, 1992 $2,471,700 of Debentures have been issued of which $130,000 have been converted to 28,108 shares of common stock.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 13, 1992

ILIO, INC.

By: _____
JERRY ROSS, President
Treasurer, Chief Executive
and Chief Financial Officer